

# Idaho Grain Market Report, August 4, 2011

Published by the Idaho Barley Commission, [kolson@idahobarley.org](mailto:kolson@idahobarley.org), 208-334-2090

Prices paid by Idaho Elevators delivered to warehouses in specified locations for barley and wheat on Wednesday, August 3, 2011. Barley prices in \$/Cwt. and wheat prices in \$/bu.

	<u>Barley (Cwt.)</u>		<u>Wheat (bu.)</u>		
	#2 Feed, 48 lbs or better	Open market malting	#1 SWW	#1 HRW 11.5% protein	#1 DNS 14% protein
Ashton	NQ	(2-R) \$13.05 (6-R) \$13.05	NQ	NQ	NQ
Rexburg/ Ririe/ Roberts	NQ	(2-R) NQ (6-R) NQ	NQ	NQ	NQ
Idaho Falls	\$11.00	(2-R) \$11.98-\$13.25 (6-R) \$11.98	\$6.25	\$6.83	\$8.39
Blackfoot / Pocatello	\$10.83	(2-R) \$13.05 (6-R) \$13.05	\$6.90	\$6.48	\$8.34
Grace / Soda Springs	\$11.50	(2-R) NQ (6-R) NQ	\$6.65	\$6.86	\$8.23
Burley / Rupert Hazelton	\$12.00	(2-R) \$11.98 (6-R) \$11.98	\$6.65	\$6.71	\$8.27
Twin Falls / Eden / Buhl	\$12.00-\$12.75	(2-R) NQ (6-R) NQ	\$6.40-\$7.25	NQ	NQ
Weiser	\$10.00	(2-R) NQ (6-R) NQ	\$5.99	NQ	NQ
Nez Perce / Craigmont	\$10.10	(2-R) \$10.10 (6-R) \$10.10	\$6.44	\$7.67	\$9.08
Lewiston	\$10.35	(2-R) \$10.35 (6-R) \$10.35	\$6.63	\$7.86	\$9.27
Moscow / Genesee	\$10.15-\$11.50	(2-R) \$10.15 (6-R) \$10.15	\$6.40-\$7.05	\$7.63-\$8.25	\$9.04-\$9.85

### Trading Prices at Selected Terminal Markets, cash prices FOB

	#2 Feed 46 lbs. -- unit trains barge	Single rail cars- domestic	Malting	#1 SWW	#1 HRW 11.5% Protein	#1 DNS 14% Protein
Portland	NQ	NQ	NQ	Aug \$6.90-\$7.05 Dec \$7.11-\$7.25	Aug \$8.23-\$8.48	Aug \$9.65-\$10.20
Los Angeles	\$15.25	NQ	NQ	NQ	NQ	NQ
Stockton	NQ	NQ	NQ	NQ	NQ	NQ
Tulare	\$15.25	NQ	NQ	NQ	NQ	NQ
Ogden	\$11.65	NQ	NQ	\$7.00	\$6.98	\$8.40
Great Falls	\$10.00	NQ	\$12.00	NQ	\$5.53-\$6.35	\$8.65-\$8.99
Minneapolis	\$10.83	NQ	\$16.25	NQ	\$8.02 <sup>3</sup> / <sub>4</sub> (12%)	\$9.89 <sup>3</sup> / <sub>4</sub> -\$10.24 <sup>3</sup> / <sub>4</sub>

### Market trends this week

**BARLEY** – Local barley prices were mixed ranging \$.83 lower to \$1.00 higher in southern Idaho and no change reported in northern Idaho. USDA reported barley export sales hit a marketing year high last week, totaling 27.5 TMT last week, for Canada. Barley export shipments last week totaled .8 TMT, also for Canada.

**WHEAT** – Local wheat prices were also mixed this week: SWW ranged from 75 cents lower to 45 cents higher; HRW ranged from 1 to 30 cents higher; and DNS ranged from 6 to 69 cents lower. USDA reported wheat export sales last week were near the high end of trade expectations at 504.1 TMT, up 38% from the previous week and 3% from the 4-week average. Export shipments totaled 472.3 TMT, down 16% from the previous week and 20% from the 4-week average.

**Wheat Competitor/Buyer News** – Russian grain exports surged in July to 3.5 MMT, compared to 2 MMT sold in June after the year-long export ban expired. Ukraine, on the other hand, indicates they saw disappointing export sales in July due to imposition of an export tax that will remain in effect until Jan 1, 2012. Their grain exports were reported to be only 380 TMT in July compared to 1.5 MMT the previous month. Iran is expected to be self-sufficient in wheat this year and may even have sufficient stocks to export up to 2 MMT of wheat this year. Egypt purchased 240 TMT of wheat from Russia and Romania this week.

**CORN** – Corn export sales last week were on the low end of trade expectations at 758.6 TMT for both MY 2011 and 2012. Corn export shipments last week totaled 778.5 TMT, down 23% from the previous week and 19% from the 4-week average.

**2011 production estimates** - Several private firms released updated corn yield and production estimates this week, with most in the 152-155 bpa range. The exception was Informa who released a yield estimate today of 158 bpa and production of 13.535 billion bu. USDA's estimate in July was 158.7 bpa and production of 13.47 billion bu.

**Ethanol corn usage** – DOE's Energy Information Agency reported that U.S. ethanol production totaled 878,000 bbls last week, up 0.46% from the previous week and up 0.57% from last year – representing a weekly corn usage of 93.5 million bushels. Cumulative corn usage for the marketing year which ends August 31 now totals 4.49 bbu, below USDA's projection of 5.05 billion bushels. Analysts speculate that USDA is likely to tweak their usage estimate lower in next week's S&D projections.

#### Futures market activity this week

**Macroeconomic outlook** – Weeks of bearish economic news, along with worries about EU and US debt problems, have badly shaken investor confidence and pulled equity and energy markets sharply lower in recent days. **Leading off the bad news was the Department of Commerce's latest reading on US GDP growth: pegged 2Q2011 GDP growth at only 1.3%, compared to an expected 1.8%, AND revised 1Q2011 growth to only 0.4%, down from their earlier estimate of 1.9%.** This week, both manufacturing and service sectors showed sharply slower growth – hitting levels last seen during the 2008-09 recession. Personal spending also fell unexpectedly in July, adding to the gloomy economic outlook as about 2/3 of the U.S. economy is still driven by consumer spending. On Friday we will see the monthly employment report, with analysts expecting job creation to total just 75,000 net gain and an overall unemployment rate stuck at 9.2%.

**WHEAT** – Wheat began the week modestly higher, pulled higher late in the session by spillover strength in corn. Concerns about potential quality problems in rain-delayed harvests across Europe provided underlying support. Tuesday saw prices jump significantly on fund short covering and spillover support from corn, despite strong headwinds from negative outside markets. Wheat followed corn lower on Wednesday under profit-taking pressure and talk of surging Russian export competition. Wheat finished sharply lower today (Thursday) as broad weakness across equity and commodity markets erased most of the gains from earlier in the week. **Wheat futures market closes on Thursday, 08/04/11...**

	<b>Sept 2011</b>	<b>Weekly Summary</b>	<b>Dec 2011</b>	<b>Weekly Summary</b>
Chicago	\$6.81 <sup>3</sup> / <sub>4</sub>	Up \$0.09 <sup>1</sup> / <sub>4</sub>	\$7.25 <sup>1</sup> / <sub>2</sub>	Up \$0.09 <sup>3</sup> / <sub>4</sub>
Kansas City	\$7.71	Up \$0.04	\$7.96	Up \$0.03
Minneapolis DNS	\$8.23 <sup>1</sup> / <sub>4</sub>	Down \$0.07 <sup>1</sup> / <sub>2</sub>	\$8.31 <sup>1</sup> / <sub>2</sub>	Unchanged

**CORN** – Corn posted double digit gains on Monday on ideas that pollination damage occurred during stressful growing conditions across much of the Midwest in late July. Corn shrugged off pressure from weak outside markets to trade limit up on Tuesday on continued support from trade expectations of lower yield potential in a year where there is NO margin for error on the production side of the equation. Corn succumbed to profit-taking pressures on Wednesday to close moderately lower after a lack of follow through buying and ideas that conditions have become overbought sparked fund liquidation. Corn opened the session sharply lower today (Thursday) on a significant jump in the US dollar, but managed to recover some of its early losses into the close. Negative outside market forces, particularly a stronger dollar and significant weakness in crude oil, along with a less threatening weather forecast for next week, were the noted features. **Sept 2011 corn futures contract closed Thursday, 08/04/11, at \$6.93 <sup>3</sup>/<sub>4</sub> up \$0.28 <sup>1</sup>/<sub>4</sub> and the Dec 2011 contract closed at \$7.01 <sup>1</sup>/<sub>2</sub>, up \$.32 <sup>3</sup>/<sub>4</sub> for the week.**

**NEAR-BY COMMODITY OUTLOOK** – Volatility has increased significantly in recent days and weeks due to rising investor fears about faltering economic growth. That is not likely to change in the short-term and will play havoc with commodity as well as equity markets. Supply and demand fundamentals still matter but may take a back seat to other economic concerns. **Expect to see more supportive acreage and yield estimates from USDA next week (August 11) but BE PREPARED for outside market forces to occasionally trump these positive trends.**

#### OTHER MAJOR FACTORS TO WATCH –

▪ **CRUDE OIL** – Crude oil came under significant pressure this week, on fresh demand concerns as more signs point to faltering global economic growth. Renewed concerns about EU sovereign debt problems (now focused on Spain and Italy) also added to the weak tone. Crude began the week down \$0.81 to close at \$94.89 on Monday, slipped \$1.10 to \$93.79/bbl on Tuesday and tumbled another \$1.86 to close at a 5-week low of \$91.93/bbl on Wednesday. The weekly government petroleum stocks report showed a 1.0 million bbls increase in crude oil stocks, compared to an expected increase of 1.5 million bbls; distillates increased by 409,000 bbls; and gasoline stocks increased by 1.7 million

bbls last week. Gasoline demand slipped by 0.3% to 9.07 million bbls/days on average for the month of July. **A surge in the dollar and deepening economic worries caused crude oil prices to PLUNGE to their LOWEST LEVEL since Dec. 1, 2010 today (Thursday) – closing down \$5.30 to close at \$86.63/bbl.**

▪ **U.S. WEATHER / CROP WATCH** – Rainfall this week was mostly centered on the Upper Midwest, but some beneficial moisture also slipped as far south as Kansas. For the next 5 days, cooler and wetter conditions are forecast for NE, KS and possibly into southwestern IA. The Dakotas also are expected to see more rain into this weekend. The 6-10 day outlook shows thunderstorms taking 2 separate tracks – one northern track from the Dakotas into the Great Lakes and a more southern track from the western Plains into the Ohio River Valley. Depending on the coverage levels and locations, moisture stress could be reduced to about ¼ of the corn and soybean belt. The 11-15 day outlook shows rains favoring the northwestern ½ of the belt.

▪ **INTERNATIONAL WEATHER / CROP WATCH**

▪ **Canada** – Warm mostly dry conditions continue to be favorable for spring grain filling. About 10 to 15% of the grain belt is now experiencing excessively dry conditions, but some relief is expected in the next week.

▪ **Europe** – **Cool and wet conditions across much of Europe have replenished soil moisture for reproductive summer crops but have slowed small grain maturation and harvest, causing some quality concerns, particularly in the UK, Germany and Poland.**

▪ **Former Soviet Union** – Recent showery conditions hampered small grain harvest across Ukraine raising some quality concerns but also have aided reproductive corn. Conditions were mostly dry this week. Meanwhile, hot dry conditions in western and southern Russia eased somewhat but should hot temps are expected to return this weekend and persist through next week, shaving off more yield potential from summer crops. Scattered showers across Northern Kazakhstan and Eastern Russia favored filling spring grains. Spring grain harvest has just begun and shower delays are not expected to be a concern at this time.

▪ **China** – Showers in eastern China have been beneficial for reproductive corn. Recent rains have helped maintained stable growing conditions for most corn and soybean production areas.

▪ **Argentina** – Lingering rains in eastern production regions have slowed fieldwork but maintained favorable moisture for winter grain emergence and development. Despite dry forecasts, most production areas received additional beneficial moisture this week.

▪ **Australia** – Mild conditions with some scattered showers in Western Australia, while most other production areas remained mostly dry raising some concerns about yield potential.

**USDA Crop Progress / Condition Report, August 1, 2011**

Crop	% Progress	Previous Week	Previous Year	5-Year Average	Condition rating % good/excellent	Previous Week	Previous Year
U.S. barley	92% headed	86%	96%	97%	72%	77%	86%
<b>ID barley</b>	<b>100% headed</b> <b>1% harvested</b>	<b>97%</b> <b>NA</b>	<b>96%</b> <b>2%</b>	<b>98%</b> <b>4%</b>	<b>84%</b>	<b>88%</b>	
U.S. spring wheat	90% headed	83%	97%	98%	70%	74%	82%
<b>ID spring wheat</b>	<b>100% headed</b> <b>0% harvested</b>	<b>95%</b> <b>NA</b>	<b>95%</b> <b>1%</b>	<b>98%</b> <b>2%</b>	<b>86%</b>	<b>89%</b>	
U.S. winter wheat	81% harvested	75%	83%	86%			
<b>ID winter wheat</b>	<b>2% harvested</b>	<b>1%</b>	<b>4%</b>	<b>16%</b>	<b>75%</b>	<b>77%</b>	
Corn	83% silking	65%	92%	84%	62%	62%	71%